

Financial Statements

of

**Rural Water District No. 7
Wagoner County, Oklahoma**

December 31, 2014 and 2013



Clothier & Company CPA's P.C.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Rural Water District No. 7
Wagoner County, Oklahoma

We have audited the accompanying statements of assets, liabilities and fund balances-modified cash basis as described in Note 1, of Rural Water District No. 7, Wagoner County, Oklahoma, as of December 31, 2014 and 2013 and the revenues, expenses, and changes in fund balance-modified cash basis for the years then ended and the related notes to the financial statements, which comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances-modified cash basis of Rural Water District No.7, as of December 31, 2014 and 2013, and the revenues, expenses, and changes in fund balance-modified cash basis and cash flows for the years then ended, on the basis of accounting described in Note 1.

Other Matters

Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages I through IV and 11 be presented to supplement the basic financial statements the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the supplementary information in accordance with auditing standards general accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2015, on our consideration of Rural Water District No. 7's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rural Water District No. 7's internal control over financial reporting and compliance.



Clothier & Company, CPA's, P.C.

February 16, 2015

Rural Water District No. 7
Wagoner County, Oklahoma
Management Discussion and Analysis Report

Rural Water District No. 7 is a political subdivision of the State of Oklahoma organized in February, 1967, with its offices located in Wagoner County, Oklahoma. The District was formed to furnish water service to the residents of the district by constructing and maintaining a water system.

As the Board of Directors of the District, we offer readers of the District's financial statement this narrative overview and analysis of the financial and operational activities of the District for the calendar year ending December 31, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished.

For additional information, the reader is invited to study the Independent Auditor's Report prepared by Clothier and Co. CPA's.

FINANCIAL HIGHLIGHTS

The Total Assets of the District exceeded its Total Current Liabilities and Total Long Term Liabilities at the close of this calendar year (2014) by \$1,049,428.

The District's Total Assets decreased by \$131,268 as compared to last year (2013).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are composed of the Statement of Assets, Liabilities and Fund Balance, the Statement of Revenues, Expenses, and Changes in Fund Balances. These statements are designed to provide readers with a broad view of the District's finances, in a manner similar to a private sector business.

The actual statements will be found in the Independent Auditor's Report prepared by Clothier and Co. CPA's. This report consists of a condensed version of the information in the Independent Auditor's Report.

Assets, Liabilities, and Fund Balances Report

The Asset, Liabilities, and Fund Balances Report presents information on all of the District's assets, including current assets (cash, CD's, and employee advances), fixed assets (facilities, such as the water plant, office furniture, and trucks), and other assets (cash in reserve). This report also presents information on all of the District's liabilities, things that the District is liable for,

including current liabilities (taxes to be paid), long term liabilities (notes payable), and fund balances (undistributed earnings and current income or loss).

At the end of 2014, Total Assets were \$2,408,545 as compared to \$2,539,813 at the end of 2013, a decrease of 5.17%.

Total Current Liabilities at the end of 2014 were \$84,566 as compared with \$82,377 at the end of 2013, an increase of 2.59%. Total Long-Term Liabilities at the end of 2014 were \$1,274,551 as compared with \$1,355,642 at the end of 2013, a decrease of 5.98%.

Total Fund Balance was \$1,184,428 at the end of 2014 as compared with \$1,101,794 at the end of 2013, an increase of 6.98%.

District Long-term Debt

Rural Water District No. 7 secured a 20 year loan from the Oklahoma Water Resource Board for a new water plant in August 2007. The original loan amount is \$1,850,000. The security for the note includes a pledge and assignment of revenues derived by Rural Water District No. 7. The note bears interest at a rate of 3.26% per annum plus an administrative fee at the rate of .5% per annum on the outstanding balance of disbursed loan proceeds. Payments are made twice a year in March and September. The interest payments began in March 2008. The principal payments began September 19, 2009. The outstanding balance as of December 31, 2014 was \$1,355,730.

Revenues, Expenses, and Changes in Fund Balances

The Receipts, Disbursements, and Changes in Fund Balances Report present information on the District's financial health. This statement is very similar to a business's profit and loss statement. It reports the income received from water sales and benefit unit sales, and the cost of providing potable water to the District's customers. Also reported are the operating expenses of the District, such as salaries, taxes, and other operating expenses. The result of this report is the net income or loss for the District. Net Income at the end of 2014 was \$82,634 as compared with \$51,167 at the end of 2013, an increase of 38.08%.

Statement of Cash Flows

The Statement of Cash Flows presents information on the flow of cash from operating activities (cash received from customers and cash paid to employees and suppliers), cash flows from capital and related financing activities (payment of debt, purchases of property and equipment, depreciation expense, and increases in CD's).

Revenues, Cost of Sales, and Operating Expenses

Revenues of RWD #7 for 2014 were \$408,145. The source of this revenue was primarily Water Sales (92%) The remainder was made up of Benefit Unit Sales (1.05%), Penalties, Pipe and Supplies and Other Income (6.95%).

Cost of Sales for 2014 was \$53,312. Cost of Sales is made up of Water Purchases (4.52%), Repairs Equipment Hire (8.72%), Plant Supplies (80%), and Repair Supplies (6.76%).

Operating Expenses for 2014 was \$249,003. Operating Expenses is made up of Salaries (29.1%), Taxes (3.82%), Insurance (7.07%), Utilities (7.97%), Office Supplies and Postage (5.27%), Depreciation Expense (34.69%), Professional/ Loan Fees (4.2%), and other similar expenses (8.68%).

Other revenue and expenses came from Interest Income of \$2,395 and Interest Expense of \$25,591 in 2014.

This resulted in a Net Income for 2014 of \$82,634.

OPERATIONAL HIGHLIGHTS

Current Years Activities

In 2014, we added 6 new meters and pulled 5. This resulted in a gain of 1 meter for the year.

In January, Hank Craft received his Class D Water License. Due to the new DEQ Regulation, Brian Hathaway upgraded his license to a Class B.

Earlier this year, we replaced 48 membrane filters at a cost of 46,851.40.

We have completed the 49th Street line upgrade to help supply water to our southern customers.

We also relocated a line on 70th Street that was buried too shallow and was causing issues.

Future Activities of the District

We have received the go ahead to relocate the line for the widening of Highway 16, from 25th Street to 100th Street.

Contacting the District's Management

This report is designed to provide our customers and creditors with a general overview of the District's finances and operations, and to show the District's accountability for the money it receives. If you have questions about this report, contact the District's Office Manager at P.O. Box 67, Okay, Oklahoma 74446, or by telephone at 918-683-4737.

Gary R. Crow
Chairman of the Board

Rural Water District No. 7
Wagoner County, Oklahoma
Assets, Liabilities and Fund Balances-Modified Cash Basis
December 31, 2014 and 2013

	2014	2013
Current Assets		
Cash and Cash Equivalents	\$ 15,950	\$ 145,428
Total Current Assets	15,950	145,428
Fixed Assets		
Land	11,000	11,000
Loan Application Costs	60,896	60,896
Water District Facilities	2,736,152	2,703,863
Office Furniture/Fixtures	19,537	19,538
Autos/Trucks	29,496	29,496
Equipment	116,129	65,844
Building & Improvements	110,558	110,558
Less: Accumulated Depreciation	(1,020,883)	(934,504)
Total Fixed Assets	2,062,885	2,066,691
Other Assets		
Cash in Reserve	329,710	327,694
Total Other Assets	329,710	327,694
Total Assets	2,408,545	2,539,813
Current Liabilities		
Accrued Payroll Taxes	3,387	3,728
Current Maturities	81,179	78,649
Total Current Liabilities	84,566	82,377
Long Term Liabilities		
Notes Payable - OWRB	1,355,730	1,434,291
Less: Current Maturities	(81,179)	(78,649)
Total Long Term Liabilities	1,274,551	1,355,642
Fund Balance		
Fund Balance	1,101,794	1,050,627
Current Income (Loss)	82,634	51,167
Total Fund Balance	1,184,428	1,101,794
Total Liabilities and Fund Balance	\$ 2,543,545	\$ 2,539,813

See accompanying notes and independent auditors' report.

Rural Water District No. 7
Wagoner County, Oklahoma
Revenues, Expenses and Changes in Fund Balances-Modified Cash Basis
December 31, 2014 and 2013

	2014	2013
Revenue		
Water Sales	\$ 375,491	\$ 329,678
Benefit Unit Sales	4,252	4,693
Penalties, Pipe & Supplies	28,402	29,953
Total Revenue	408,145	364,324
Cost of Sales		
Water Purchases	2,407	1,389
Repair Supplies	3,601	1,262
Repairs Equipment Hired	4,652	3,037
Plant Supplies	42,652	24,243
Total Cost of Sales	53,312	29,931
Gross Profit	354,833	334,393
Operating Expenses		
Salaries	72,438	69,369
Payroll Taxes	7,519	6,230
Insurance Expense	17,606	18,097
Truck Expense	7,587	6,527
Licenses, Permits, Dues	597	6,331
Utilities	19,683	19,053
Telephone	6,110	4,563
Accounting/Audigint	3,385	3,540
Postage	5,496	5,509
Office Supplies	7,614	6,966
Depreciation	86,379	83,367
Loan Fees	7,074	7,560
Miscellaneous	1,219	347
Donations	25	50
Lab Tests	4,015	5,904
P/R Tax Penalties	2,256	0
Total Operating Expenses	249,003	243,413
Operating Income	105,830	90,980
Other Revenue (Expenses)		
Interest Income	2,395	2,588
Interest Expense	(25,591)	(42,401)
Total Other Revenue (Expense)	(23,196)	(39,813)
Net Chang in Fund Balance	\$ 82,634	\$ 51,167

See accompanying notes and independent auditors' report.

Rural Water District No. 7
Wagoner County, Oklahoma
Statement of Cash Flows-Modified Cash Basis
December 31, 2014 and 2013

	2014	2013
Cash Flows From Operating Activities:		
Cash received from customers	\$ 408,145	\$ 364,324
Cash received from other sources	0	0
Cash paid to employees	(72,438)	(69,369)
Cash paid to suppliers	(53,312)	(29,931)
Other operating payments	(90,527)	(94,351)
Net Cash Flows from Operating Activities	191,868	170,673
Cash Flows From Capital and Related Financing Activities:		
Proceeds from issuance of debt	0	0
Payment of debt	(78,561)	(76,027)
Acquisition and construction of capital assets	(82,573)	(69,693)
Payment of Interest	(25,591)	(42,401)
Net Cash (Used) By Capital and Related Financing Activities	(186,725)	(188,121)
Cash Flows From Investing Activities:		
Decrease (Increase) in certificates of deposit	(2,016)	48,313
Receipt of interest and dividends	2,395	2,588
Net Cash Provided (Used) By Investing Activities	379	50,901
Net Increase (Decrease) In Cash	5,522	33,453
Cash Beginning of Year	145,428	111,975
Cash End of Year	\$ 150,950	\$ 145,428
Reconciliation of Operating Income to Net Cash Flows from Operating Activities:		
Operating income (loss)	\$ 82,634	\$ 51,167
Add depreciation expense	86,379	83,367
Add interest expense	25,591	42,401
Less interest income	(2,395)	(2,588)
(Increase)/Decrease in Current Assets:		
Accounts receivables, net	0	0
Employee advance	0	0
Increase/(Decrease) in Current Liabilities:		
Accounts payable	0	0
Accrued expenses	(341)	(3,674)
Customer deposits	0	0
Net Cash Flows from Operating Activities	\$ 191,868	\$ 170,673

See accompanying notes and independent auditors' report.

Rural Water District No. 7
Wagoner County, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2014 and 2013

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Rural Water District No. 7 is a political subdivision of the State of Oklahoma organized in February of 1967, with its offices located in Wagoner County, Oklahoma. The District was formed to furnish water service to the residents of the district by constructing and maintaining a water system.

Basis of Accounting

The financial statements of the District are prepared using the modified cash basis of accounting where revenues are recognized when received and expenses are recognized when paid. Other modifications to the cash basis of accounting include recording depreciation on property and equipment and accruing for payroll taxes. This is a comprehensive basis of accounting other than generally accepted accounting principles.

The District's financial statements are prepared using a method other than generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the District had the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, it has chosen not to do so.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include highly liquid instruments with maturities of three months or less at the date of their acquisition. Funds held in reserve are not considered to be part of cash.

Funds on Deposit

The District maintains the following accounts for funds deposited with a fully insured bank:

Operating Account - Gross revenues of the District are to be deposited to this account and then transferred to the Money Market/Savings account when funds exceed two months expenses (about \$30,000). The reasonable and necessary current expenses of operating and maintaining the District for each month are also paid from this account.

Money Market/Savings Account - Depository account for excess funds from the Operating Account. This account will maintain a balance that the board determines necessary. The excess funds will be transferred to the Cash in Reserve.

Cash in Reserve - This fund consists of certificates of deposit. The excess funds from the Money Market/Savings Account are transferred to the different certificates of deposits up to twice a year.

Rural Water District No. 7
Wagoner County, Oklahoma

Property and Equipment

Property and equipment are recorded at cost, with depreciation provided on a straight-line method over the estimated useful lives of the assets.

Benefit Units

Residents wishing water services are required to purchase a benefit unit at \$1,500.00. In accordance with Article 6, Section 3 of the By Laws, consideration paid for benefit units is considered a donation.

Income Tax

As a political subdivision of the State of Oklahoma, the District is exempt from income taxes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures as of the date of the financial statements. Accordingly, actual results could differ from those estimates.

2. LONG-TERM DEBT

Rural Water District No. 7 secured a 20 year loan from the Oklahoma Water Resource Board for a new water plant in August 2007. The original loan amount is \$1,850,000. The security for the note includes a pledge and assignment of revenues derived by Rural Water District No. 7. The note bears interest at a rate of 3.26% per annum plus an administrative fee at the rate of .5% per annum on the out standing balance of disbursed loan proceeds. Payments are made twice a year in March and September. The interest payments began in March 2008. The principal payments began September 19, 2009. The outstanding balance as of December 31, 2014 was \$1,355,730.

The following is a schedule of the future payments on the outstanding balance:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$81,179	\$30,004	\$111,183
2016	83,767	27,357	111,124
2017	86,676	24,419	111,095
2018	89,565	21,484	111,049
2019	94,878	16,123	111,001
2020-2024	536,737	16,977	553,714
2025-2028	382,928	3,837	386,765
Thereafter	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>\$1,355,730</u>	<u>\$140,201</u>	<u>\$1,495,931</u>

3. CONCENTRATION OF CREDIT RISK

Rural Water District No. 7 maintains its cash, savings, and certificates of deposits at First Bank and Trust Company and Arvest Bank in Wagoner, Oklahoma. The balance of accounts held by First Bank as of year-end is \$480,660, which is above the \$250,000 guaranteed by the Federal Deposit Insurance Corporation for each bank. Protection has been provided by First Bank and Trust Company for the balance above \$300,000 by purchasing bonds as collateralized deposits in the amount of \$300,000. All deposits were insured or collateralized at December 31, 2014.

4. PROPERTY, PLANT AND EQUIPMENT

	Cost	Additions	Accumulated Depreciation	Book Value
Land	\$11,000	\$0	\$0	\$11,000
Water District Facilities	2,695,231	40,921	(859,464)	1,876,688
Office Furniture/Fixture	19,537	0	(15,961)	3,576
Autos/ Trucks	29,496	0	(29,496)	0
Maintenance Equipment	65,844	50,285	(44,079)	72,050
Loan Application Costs	60,896	0	(25,036)	35,860
New Water Plant	110,558	0	(46,847)	63,711
	<u>\$2,992,562</u>	<u>\$91,206</u>	<u>(\$1,020,883)</u>	<u>\$2,062,885</u>

5. WATER RATES

The District raised its rates June 1, 2014. The new rates are as follows:

0-1,000 Gallons (minimum)	\$25.00
Next 1,000 Gallons	\$4.25
Next 1,000 Gallons	\$4.75
Next 1,000 Gallons	\$5.25
Next 1,000 Gallons	\$5.75
Next 1,000 Gallons	\$6.25
Next 1,000 Gallons	\$6.75
Next 1,000 Gallons	\$7.25
Next 1,000 Gallons	\$7.75
Next 1,000 Gallons	\$8.25
Next 1,000 Gallons	\$8.75
Next 10,000 Gallons (per thousand)	\$9.25
All Over 20,000 Gallons (per thousand)	\$9.50

Rural Water District No. 7
Wagoner County, Oklahoma

6. SUBSEQUENT EVENTS

Rural Water District No. 7 has evaluated subsequent events through the date which the financial statements were available to be issued with none found.



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

To the Board of Directors
Rural Water District No. 7
Wagoner County, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Rural Water District No. 7 Wagoner County, Oklahoma, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collective comprise Rural Water District No. 7's basic financial statements, and have issued our report thereon dated February 10, 2014.

As described in Note 1, the District prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rural Water District No. 7's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that

might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rural Water District No. 7's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Clothier & Company, CPA's, P.C.

February 10, 2014

Rural Water District No. 7 Wagoner County
BUDGET TO ACTUAL COMPARISON
December 31, 2014

	Original	Final	Actual	Variance
Water Sales	350,000	350,000	375,491	25,491
Penalties/Meter Reading/Other	37,200	37,200	28,402	(8,798)
Benefit Units	9,400	9,400	4,252	(5,148)
Interest Income	3,000	3,000	2,395	(605)
Total Income	399,600	399,600	410,540	10,940
Water Purchased	2,000	2,000	2,407	407
Repairs Supplies	1,500	1,500	3,601	2,101
Repairs Equipment Hires	10,000	10,000	4,652	(5,348)
Plant Supplies	28,000	28,000	42,652	14,652
Salaries	71,000	71,000	72,438	1,438
Payroll Taxes	7,000	7,000	7,519	519
Insurance Expense	18,500	18,500	17,606	(894)
Truck Expense	7,000	7,000	7,587	587
Licenses, Permits, Dues & Sub.	0	0	597	597
Utilities	21,000	21,000	19,683	(1,317)
Telephone	4,900	4,900	6,110	1,210
Accounting & Auditing	3,800	3,800	3,385	(415)
Postage	5,600	5,600	5,496	(104)
Office Supplies & Expenses	7,500	7,500	7,614	114
Depreciation	50,000	50,000	86,379	36,379
Miscellaneous	7,000	7,000	3,500	(3,500)
Lab Tests	7,000	7,000	4,015	(2,985)
Professional Fees	500	500	0	(500)
Capital Outlay	0	0	91,206	91,206
Total Operating Expenses	252,300	252,300	386,447	134,147
OWRB Debt Service	111,226	111,226	111,226	0
Total Expenses	363,526	363,526	497,673	134,147
Net Income (Loss)	36,074	36,074	(87,133)	(123,207)
Add back capital outlay			91,206	
Add back principal payment on LTD			78,561	
Change in Fund Balance			82,634	

See accompanying footnotes and independent auditors' report.